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SUBJECT: PRESIDENTIAL ADVISORS ON FUJIMORI, MARTIME
BOUNDARY DISPUTE, AND DOMESTIC POLITICS

Classified By: Political Counselor Alexander Margulies. Reason: 1.4(b)
(d).

SUMMARY

1. (C) Top presidential political advisors Juan de la Puente and Juan Sheput, in recent meetings with Polcouns, addressed the principle political issues of the moment as follows:

-- Ex-President Alberto Fujimori's extradition: Peru will have a hard time preparing an adequate extradition request to Chile, but is determined to devote the necessary resources to achieve Fujimori's return for prosecution. The extradition request will likely be limited to those charges linked to human rights abuses that would carry significant sentences.

-- Maritime boundary dispute with Chile: Peru was surprised by the vehement public Chilean reaction, but pleased at this development as it guaranteed passage of the new maritime boundaries law and provides the GOP with a chance of obtaining congressional ratification of the Law of the Sea Convention.

-- Defeat in the decentralization referenda: The public's overwhelming rejection of the decentralization referenda could have been a political disaster for the GOP, but the maritime boundary dispute and then Fujimori's surprise return has consigned it to the dustbin. National Decentralization Council head Luis Thais will stay on, and the GOP will seek to set the stage for a second and better prepared batch of referenda under its successor government in 2007.

-- The 2006 presidential race should come down to either former Interim President Valentin Paniagua (Accion Popular), former President Alan Garcia (APRA) or Unidad Nacional alliance leader Lourdes Flores, with little chance at this stage for an outsider to make a surprise surge. President Alejandro Toledo and his Peru Posible party have not finalized an election strategy, but both de la Puente and Sheput are urging that the ruling party offer its presidential candidacy to Alberto Borea, Peru's former Ambassador to the OAS and leader of the small Fuerza Democratica party. END SUMMARY.

2. (U) Polcouns met with President Toledo's Political Advisor Juan de la Puente on 11/9, and the day before lunched with one of Toledo's top unofficial political counselors, Juan Sheput. The latter recently resigned as Labor Minister to maintain his eligibility to run for Congress in 2006, and remains one of the leading figures of Toledo's Peru Posible party. Polcouns discussions with the presidential advisors focused on the most significant domestic political issues of the moment: Fujimori's extradition from Chile, the maritime boundary dispute with Chile, the unsuccessful decentralization referenda and the 2006 general elections.

EXTRADITION OF FUJIMORI

3. (C) Sheput said that he has been advising Interior Minister Romulo Pizarro on preparing Peru's extradition request to Chile and was scheduled to be a part of Pizarro's high-level mission to Santiago, but was pulled at the last minute out of concern that his inclusion would lend a "political" character to the delegation (Ref A). He characterized Peruvian extradition preparations as a mess, explaining that Ad Hoc Anti-Corruption State Attorney Antonio Maldonado means well, but is not in a position to follow up Peru's preventive detention request with the necessary air-tight extradition documentation within the 60-day window permitted under Peru's extradition treaty with Chile. The GOP is looking at hiring top-notch private attorneys to review the evidence and assemble the cases, he added.

4. (C) De la Puente agreed that Fujimori's sudden arrival in Santiago caught the GOP off-guard, and that the Ministry of Justice and Maldonado's team, even with outside support, will have to scramble to meet the 60-day deadline. He added that the Government recognizes that Fujimori's extradition will have both political and legal aspects. It is concerned that Chilean political and/or judicial authorities may seek

to frustrate the extradition process, either out of pique over bilateral problems, such as the maritime border issue or the criminal proceedings against Chilean businessman Andronico Luksic, or because they have been suborned by Fujimori. Consequently, de la Puente explained, the Peruvian extradition request will likely be limited to perhaps six or seven of the 21 criminal proceedings currently underway against the ex-President. The prioritized cases, he continued, will focus on human rights violations carrying long prison terms, as this should enhance Chilean domestic political pressure on the Lagos Administration to extradite Fujimori, as well as avoid the danger of the Chilean courts approving Fujimori's extradition on minor charges, which would obviate Peruvian prosecution for other major criminal violations under the Rule of Speciality. Cases that have a political aspect, de la Puente concluded, such as the charges that Fujimori subverted democracy by staging his 1992 auto-coup, will not/not be included in the extradition request package.

15. (C) Sheput indicated that the GOP is playing the human rights card on the political level by encouraging Peruvian human rights groups to lobby their Chilean counterparts to pressure the GOC to be forthcoming on Fujimori's extradition.

He hinted that the Government helped facilitate such contacts between local groups representing the family members of those killed in the La Cantuta and Barrios Altos massacre and Chilean human rights groups representing the family members of those killed during the Pinochet regime.

16. (C) COMMENT: Sheput's and de la Puente's concerns over Peru's extradition requests corroborates what we have heard from several other informed sources. Former Ad Hoc Anti-Corruption State Attorney Luis Vargas Valdivia, during a 10/4 meeting with Emboffs, predicted that the GOP would have a difficult time assembling convincing extradition cases against Fujimori. He noted that Maldonado is a human rights lawyer, not a criminal specialist, and that in replacing almost all of Vargas' team he eliminated the office's institutional memory. Since most of the cases against Fujimori involve tens of thousands of documents, testimony from hundreds of witnesses and complex linkages of financial transactions, it will take quite some time for Maldonado's appointees to come up to speed. Our contacts at the Japanese Embassy have consistently told us that Peru's two extradition requests were ill-prepared, consisting of hundreds of documents that were not linked together in a well-organized fashion. Javier Ciurliza, a member of Peru's legal team on the extradition, informed Poloff several months ago that he had been brought into the case to straighten out the extradition cases with Japan, and that he was appalled at the state of Peru's submission. END COMMENT.

THE MARITIME BOUNDARY DISPUTE

17. (C) De la Puente said that the GOP was surprised by Chilean President Lagos' vehement public reaction to the new Peruvian law on its maritime boundaries (Ref B). The Foreign Ministry, he explained, was prepared to receive complaints through diplomatic channels, and was taken aback when Chile filed its official protest before the measure was even considered by the full Peruvian Congress. The Chilean response played into the GOP's domestic hand, however, as it precluded the opposition from raising objections to the law, ensured its passage by a resounding 98-0 vote, and won the GOP kudos from the media and nationalist circles. The Government is hopeful, de la Puente added, that this spirit of unity will carry over into the debate on Peru's ratification of the Law of the Sea Convention, which has engendered significant opposition in the Congress, Armed Forces and ultra-nationalist circles who oppose converting the country's claim to a 200 mile territorial sea into a 200 mile exclusive economic zone.

THE DECENTRALIZATION REFERENDA

18. (C) Sheput termed the public's overwhelming defeat of the decentralization referenda (Ref C) as a real defeat for the GOP. He chiefly blamed National Decentralization Council (CND) head Luis Thais for the debacle, arguing that this position does not require a technocrat, but rather a political operator with expertise in conciliation who can hammer out compromise agreements that the political parties, central government and local governments can live with. Sheput noted that the opposition APRA party had effectively mobilized its cadres to torpedo the "yes" campaign in the north, a traditional APRA stronghold, as it could not take the chance that Lambayeque Regional President Yehude Simon, an independent, would dominate the proposed macro-region there. On the other hand, he pointed out, APRA supported the "yes" vote in Arequipa (the only department which voted to join a macro-region) and Ayacucho, because it could expect that their Aprista regional presidents would dominate the

proposed macro-regions.

19. (C) De la Puente stated that the GOP feared the decentralization referenda vote could have become a "political disaster," but was saved by the maritime boundaries dispute with Chile and Fujimori's surprise arrival/arrest in Chile, which diverted media and opposition attention. While the CND's Thais has submitted his resignation, he added, President Toledo was not inclined to accept it and would ask Thais to stay on. The GOP recognized that decentralization was now an issue for its successor, but would seek to garner consensus from the leading presidential hopefuls to cooperate in designing a new approach and aiming for better-prepared macro-region referenda proposals in 2007 (the next referenda are scheduled for 2009, but could be moved up by amending existing legislation).

THE 2006 ELECTIONS

110. (C) Sheput predicted that the 2006 presidential race will come down to a runoff between former presidents Garcia and Paniagua. Garcia's APRA, he noted, has the best political organization in the country, as it again demonstrated in crushing the decentralization referenda. Paniagua's Accion Popular, Sheput said, has a respectable political organization which will be supplemented by smaller leftist parties and civil society groups. Furthermore, he argued, the center-left media can be expected to throw its support to Paniagua, attack Garcia, and ignore the other main candidate, Lourdes Flores, of the Unidad Nacional alliance.

111. (C) While Flores is leading in the polls, Sheput discounted her chances of reaching the second round following the April 2006 vote. Unlike APRA and Accion Popular, Flores' small Popular Christian Party (PCP) and its Unidad Nacional allies have minimal political organizations outside Lima and the major coastal urban centers. Furthermore, APRA is pressuring her largest Unidad Nacional ally, Lima Mayor Luis Castaneda's National Solidarity party, to bolt the alliance through threats to bring corruption allegations against Castaneda. In addition, Sheput claimed, APRA intends to raise questions about Flores sexual preferences (she is single), and will likely choose Susana Pinella (who heads an NGO that assists small enterprises) as its First Vice President nominee and have her show off her husband and three children at every opportunity as a visible contrast to Flores' solo status.

112. (C) De la Puente was not so ready to write off Flores' presidential chances, stating that the GOP, prodded by Prime Minister Pedro Pablo Kuczynski, may be coming around to the conclusion that she is the candidate most likely to continue the Toledo Administration's policies and thus merits at least tacit support. He, along with Sheput, was confident that the country will elect one of the three top contenders, rejecting the prospective "outsiders" in favor of an experienced politician. De la Puente thought that ultra-nationalist Ollanta Humala had no/no chance to mount a serious presidential challenge, adding that the GOP was quietly encouraging the media to build up left-wing Congressman Javier Diez Canseco's Socialist Party to siphon off votes from the expected alliance between Humala and the far-left.

113. (C) According to Sheput, Toledo's Peru Posible party is aiming to secure a 10 percent vote for its congressional candidates. The "hard wing" ("ala dura") of the party had recently met, he confided, and had adopted the following strategy:

-- wait until the last minute to nominate its presidential and congressional candidates to maintain suspense and minimize the time the media and opposition parties will have to attack the nominees; and

-- discard most of the current Peru Posible congressional bloc, particularly the provincial legislators who have been almost impossible to control, as they have been completely discredited with the voters. By waiting until the last minute to nominate the congressional list for 2006, the party expects to be better able to control these legislators, although it expects them to go into opposition as soon as they learn that they are not on the 2006 ballot.

114. (C) Sheput and de la Puente said that they favored recruiting an independent to head Peru Posible's presidential ticket in 2006, and both cited Alberto Borea, until recently Peru's Ambassador to the OAS and head of the small Fuerza Democratica party, as their preferred choice. They acknowledged that others in the party are pushing Vice President David Waisman and former Housing Minister Carlos Bruce for the honor, but, according to Sheput, while Waisman and Bruce have approval ratings over 30 percent, neither has demonstrated an ability to translate this popularity into

voting preference in the polls.
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